Newspapers by ancestry
https://www.newspapers.com/image/425538654/

Downloaded on Feb 7, 2026

HOW THEY CLOSED

TSE	10,320.76	+293.86
CDNX	3328.03	+30.43
DOW	10,192.18	+157.60
NASDAQ	3316.77	+242.09
GOLD (N.Y.)	$272.40	–$4.00
DOLLAR	66.36	+0.16
PRIME RATE	7.50	UNCH.

See World Markets on Page G4

The Gazette
BUSINESS
SECTION G
Trading Highlights G4
BUSINESS EDITOR: DAVID YATES (514) 987-2512
SATURDAY, OCTOBER 14, 2000

Jitec, Herbert Black clash

DON MACDONALD
The Gazette

It's hard not to be impressed by the Nuns' Island headquarters of **Jitec Inc.** Security at the reception desk is tight and gets even tighter in the company's inner sanctum.

Chief executive officer Benoît Laliberté must insert his index finger into a device that verifies his identity before releasing the door to Jitec's control centre.

Once inside, a visitor is confronted by a dim room where employees sit before banks of computers that face a wall dominated by a screen with a glowing schematic diagram of Jitec's network.

In another room, Laliberté demonstrates the computer system that Jitec builds and sells to customers.

The technology is complex but the idea is seductively simple. Laliberté asks the question: Why should companies shell out millions to put high-powered personal computers on every desk with the requisite software, servers and tech-support personnel?

Jitec has another solution. For a monthly fee of $49.95, it will put one of its terminals along with a computer screen on a desk. This gear is then connected to powerful, centralized computers off-site where the user has access to all the latest software, high-speed Internet, unlimited storage capacity and tech support.

Investors apparently find the business plan appealing. They've bid up Jitec, a company that has yet to publicly report financial results, to a market value of $440 million.

Laliberté, who at 28 has been building his company since the tender age of 14, owns a block of about 39 million Jitec shares, giving him a personal fortune, on paper, of $273 million at yesterday's close of $7.

And according to the latest insider-trading reports from the Quebec Securities Commission, Laliberté hasn't been shy to trade Jitec stock. The report shows he bought 465,700 shares in 34 transactions ranging in price from $4.30 to $10.17 between July 27 and Sept. 7. The report also shows sales of 212,800 shares in four transactions ranging in price from $5 to $8.69 during the same period.

Herbert Black: selling short.

For Laliberté, a former Canadian young entrepreneur of the year, Jitec is "a tremendous company with a bright future" that is facing just one problem. And that problem's name is Herbert Black.

Laliberté said he believes Black, a prominent Westmount millionaire, has organized a scheme to sell about one million Jitec shares short over the last month.

But Black strenuously denies Laliberté's allegations.

Since being listed on the Montreal Exchange July 26, Jitec shares have traded in huge volumes – an average of 256,000 a day. That's by far the most for any stock on the ME during that period.

And the share price has swung wildly. It went from a $3.80 close its first day of trading to a high of $11.65 on Aug. 10. Intraday volatility has often been high.

As reported in *The Gazette* last week, unusual trading patterns have drawn the attention of the Quebec Securities Commission, which is currently investigating market action in Jitec stock.

Sources say QSC investigators have visited a number of brokerage offices in recent days seeking information on Jitec trades. That follows a letter the QSC sent to brokers on Sept. 12 asking for details of Jitec trades between July 26 and Sept. 1, including client names.

Laliberté said Black, president of **American Iron & Metal Co.**, began courting him last month, offering to act as a go-between to arrange sales of his Jitec shares to Quebec institutional investors. When Laliberté resisted, Black became more insistent, urging him to sell a million of his personal shares at $4 apiece, said Laliberté, adding he believes Black needs the stock to cover short sales.

Laliberté said he refused to sell the shares last week. Since then, Laliberté alleges that Black has been highly critical of him and the company in contacts with brokers and the media.

"He shorted the stock at $8 or $9. So now he still has the need for the stock to go down. That's the only way he's going to make money," he said.

Please see JITEC, Page G3

Signs of life at Cinar

Division head sees light at end of tunnel

MARY LAMEY
The Gazette

There are bad days and there are really bad days. Peter Moss's debut as president of **Cinar Corp.**'s entertainment division was the latter kind.

Moss, a respected children's entertainment-industry veteran, began his new job as head of Canada's premier kiddie's production house on March 6, just as all hell broke loose in the land of Caillou. On that date, Cinar disclosed that $122 million had been invested without the authorization of its board of directors and that $86 million remained unaccounted for.

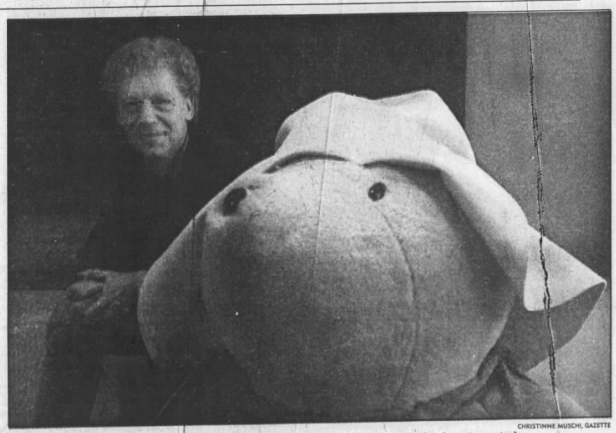
The company's third-ranking officer, Hasanain Panju, was fired on the spot, while co-founders and co-chief executives Ronald Weinberg and Micheline Charest resigned and soon thereafter were placed on administrative leave.

"I showed up with my shoes polished and my pencils sharpened and met Ron and Micheline's lawyer, who told me they'd been replaced," Moss said. "The *cinq à sept* that had been organized so that I could meet my colleagues became a good-bye for them."

It was hardly an auspicious beginning, and Moss admits that he felt like he'd been hit with the world's biggest pie in the face.

"I must have some really weird karma to work out," he said in an interview in his office on the ninth floor of Cinar headquarters. The suite of offices is decorated in kid-pleasing shades of pale yellow and crayon blue. In the reception area, a giant Paddington Bear sprawls on the sofa. (Cinar owns the animated rights to the bear from darkest Peru.) One wall is dominated by international prizes, including a clutch of daytime Emmys.

Moss came to Cinar after stints with YTV and Treehouse, a specialty channel for preschoolers. He's also worked as an executive producer with the Children's Television Workshop, home of Sesame Street and head of children's programming at the CBC. He doesn't need the headaches that come from being involved with Canada's latest financial *bête noire*. The bad news, which grew worse by the day, might reasonably have sent another soul screaming back to Toronto, but not Moss.



CHRISTINNE MUSCHI, GAZETTE

Peter Moss poses with Paddington Bear, for which Cinar owns the animated rights, at company headquarters yesterday.

"What attracted me was the fact that Cinar was one of the world's best producers of children's programming, bar none. It still is. This is still a great place to work."

That doesn't mean it's an easy place to work. Cinar, which for years was held up as a shining example of entrepreneurship and creativity, has been earning headlines of a different kind in recent months.

First came accusations of tax fraud, in which the names of Canadian writers were affixed to scripts written by Americans. Then came the unauthorized investments in a trio of Bahamian investment funds, money the company is slowly recuperating. Finally, Weinberg, Charest and Panju were accused of making "hundreds" of inappropriate business transactions involving Cinar funds.

Moss became aware of the fake-name problem as soon as he joined the company. His attitude was that "this was something wrong and serious, but not something that would rock the company."

"Corporately, we applied for some tax credits which we didn't deserve. There's nothing criminal in that," he said, adding that the complexity of the funding rules leaves lots of room for interpretation. "Whether the RCMP wants to go after the former chief executives is another matter."

As the scandal widened, the RCMP and federal and provincial tax authorities launched investigations, and cultural funding agencies Telefilm Canada and SODEC refused to fund future Cinar productions until it cleaned house. The Toronto Stock Exchange and Nasdaq suspended trading in the company's stock, and class-action suits by angry investors multiplied.

Against this backdrop, Moss has a job to do, namely marshalling Cinar's animated and live-action programming from the idea stage to finished product. It's up to him to strike deals with international production partners and sell Cinar's shows around the world.

In April, Moss and Cinar's sales team went to MIP-TV, one of two major TV trade shows held annually at Cannes. Word drifted back over the Atlantic that Cinar was being treated like a pariah, reports company spokesmen dismissed as malicious gossip from spiteful competitors.

Yesterday, Moss admitted that Cinar had a lousy time at MIP. "People were very hesitant. Everyone who came to see us would ask, 'How are you?' " he said, his voice dripping with treacly empathy.

The company did no new business at MIP. Without Telefilm's blessing, Cinar no longer qualified to make international co-productions. Its programs were not eligible for tax incentives. By extension, foreign partners working with Cinar would not be eligible for government incentives in their home countries, either.

"That made things very difficult," Moss admitted. "People would ask us what was going on and when things would be back to normal, and we would have to tell them, in all honesty, that we didn't know."

In the last month, Cinar's new president, insurance-industry veteran Barrie Usher, issued a letter to shareholders, offering hope that some of the problems will be resolved soon.

Please see CINAR, Page G2

Not all cities play industrial-subsidy game

Last year, when Taiwanese chip manufacturer **Mosel Vitelic** was trolling for dollars all over Canada and Europe, among the many cities to snap at the bait of a big, futuristic microchip plant were Edmonton and Ottawa.

Both were excited about the idea of winning this industrial plum and both had significant advantages to offer the company. Edmonton had very low costs for everything from land to utilities, while Ottawa had an excellent talent pool in microelectronics.

Both cities dropped out, though, as Mosel made it clear that it wasn't so much searching for the best industrial site as for the fattest subsidy package.

"We would have loved to attract Mosel here," acknowledges Réjean Chartrand, executive director of economic affairs for the Region of Ottawa Carleton, but provincial policy just wouldn't permit a big subsidy. "The Harris government's strategy is to try to make the whole investment environment right rather than to just go after one kind of investment," explains Chartrand.

In Edmonton, Linda Daniller of Economic Development Edmonton, the local industrial-promotion agency, was a little blunter. Right after her city decided it couldn't afford a Mosel Vitelic plant, she told a local reporter that "it doesn't make sense to get a billion-dollar plant if you have to spend a billion to get it."

Something these two cities had in common was that, attractive as a modern plant with 1,260 workers might be, they had decided that it wasn't worth absolutely any price.

Witnessing the bidding game that has pushed up the value of Quebec's subsidy offer for a $3-billion plant to more than $2 billion, Daniller is now content to be on the sidelines.

She concedes that Edmonton, like Ottawa, would love to have the plant, but only if the deal made sense. "There was no way that it was going to be worth that type of cash infusion. Not at that price. Definitely not at that price."

Is this sour grapes? Maybe not, because both Edmonton and Ottawa have better-than-average investment prospects, helped along by something conspicuously absent in Montreal.

JAY BRYAN

Both cities have developed a disciplined process that seeks to build prosperity by identifying each region's existing economic strengths and mobilizing the local business community to make the most of them. Indeed, business leaders make the key decisions and get only minimal financial help from government.

Outside investors are welcome, too, of course, but they aren't the desperately sought benefactors that they have become for Quebec.

With detailed plans that lay out where resources can be used to produce the most bang for the buck, the quest for industrial development in cities like Edmonton and Ottawa is not a Quebec-style series of bidding contests for trophy investments.

Instead, incentives are small, but the city makes up for this by making sure key industries co-operate with each other and with government to have their needs met. Government officials work to provide excellent infrastructure, educational programs and government services. The goal to produce an environment in which investors know they will do well, even without big subsidies.

Let's compare this with the process that has brought us the troubled Mosel Vitelic proposal. Quebec ran the whole process, not telling local business groups what it was doing until it had already made huge subsidy commitments to Mosel Vitelic.

To this day, business leaders say they don't have enough information to know whether the project is worth its cost in public funds, and many of the electronics firms that would, according to Quebec, be beneficiaries of this investment are actually opposed to this misuse of their tax dollars.

Worst of all, the decision to underwrite this huge investment isn't based on any serious, widely accepted analysis of how best to develop the Montreal regional economy.

ICF Consulting of San Francisco, which worked on the development plans for Ottawa, Edmonton and cities across the U.S., suggests that this might not be the best way to proceed.

Jim Gollub, head of the economic strategy group at ICF, says there's nothing wrong with paying for a new industrial plant, if that's what you want to do.

His question is why you would want to do that when you could use the same money to make your regional infrastructure more attractive to all investors, now and in the future.

"The question is, why do you have to pay to attract a plant. Either the economic merits aren't there, or the company is playing you off against other regions." In either case, the long-term outlook is not terribly bright.

On the other hand, if the project goes ahead, perhaps Quebecers won't remember to look at the cost, while the Bouchard government will be able to crow that it "won" one of the biggest investments in Canadian history. And maybe that's the project's real point.

Copyright © 2026 Newspapers.com. All Rights Reserved.

Newspapers by ancestry
https://www.newspapers.com/image/425538678/

The Gazette (Montreal, Quebec, Canada) · Sat, Oct 14, 2000 · Page 91
Downloaded on Feb 15, 2026

Vivendi, Seagram get EC all-clear

ROBERT WIELAARD
Associated Press

BRUSSELS – **Vivendi**, the French media and utilities conglomerate, got clearance from European regulators yesterday to proceed with its $50-billion (U.S.) purchase of **Seagram Co.** after the companies offered concessions to allay concerns that they could dominate Europe's pay-television market.

The approval removed a big obstacle toward creating a major new-media player. **Vivendi Universal**, that would combine Vivendi's European cable-TV, telecom and Internet distribution systems with Seagram's entertainment holdings, **Universal Studios** and the **Universal Music Group**.

Montreal-based Seagram's liquor business will be sold.

The European Commission said it cleared the deal after Vivendi offered "substantial undertakings" to address competitive issues, including the sale of its 20-per-cent stake in the satellite broadcaster **British Sky Broadcasting Group**, which is part of Rupert Murdoch's global media conglomerate **News Corp.**

Vivendi also gave a 5-year commitment to share TV rights to Universal movies in France, Belgium, Italy, the Netherlands, Spain, Denmark, Sweden and Finland, where the commission had concerns about the new company's power in film distribution.

In addition, Vivendi offered to give rivals to its Vizzavi Internet portal access to Universal's online music content. Vizzavi is a joint venture between Vivendi and Britain's **Vodafone Airtouch**.

Just two days earlier, the EC gave its blessing to a much larger media combination, **America Online Inc.**'s $129-billion (U.S.) acquisition of **Time Warner Inc.** But that merger went ahead only after Time Warner dropped plans for a separate transaction that would have joined its music subsidiary, **Warner Music Group**, with **EMI Group** of Britain.

Warner and EMI were unable to satisfy the EC's concerns about their joint-venture proposal, which would have reduced the number of major world music companies from five to four. The other players are Universal, **Sony**, and Bertelsmann's **BMG Entertainment**.

At a press conference in Paris, Vivendi chairman Jean-Marie Messier said the concessions wouldn't greatly alter the merger, while the BSkyB share sale will provide a capital boost.

Following Vivendi's commitment to divest BSkyB, which has links with **20th Century Fox** through News Corp., the commission said it might have to examine the proposed UIP joint venture linking Universal with **Paramount**.

A decision from European anti-trust authorities had been expected in July, but was deferred while the companies allayed concerns about the power of Vivendi's pay-TV unit, **Canal Plus**.

The deal has been cleared in the United States by the Federal Trade Commission. It has also been approved by one of the three regulatory bodies it needs to satisfy in Canada, and French regulators have also given their consent.

Shareholders from Vivendi, Canal Plus and Seagram must also sign off on the deal, but those meetings have not yet been set. Canal Plus is Europe's largest pay-TV operator.

Yesterday was the deadline for the European Commission to either clear the merger or launch a more in-depth probe into the impact the merger will have on fair competition.

MAGAZINES

French imports get squeezed

SHEILA McGOVERN
The Gazette

Consumers wandering into many of Quebec's specialty-magazine shops have probably noticed a dearth of French imports.

The French are writing just as much as they ever were, but two Canadian companies are scrapping over who will distribute the magazines here.

This week, **Sun Media Corp.**, a subsidiary of **Quebecor Inc.**, announced it has approached Quebec Superior Court in the hope of forcing **Hachette Distribution Services (Canada) Inc.** to stop refusing to sell certain French magazines in its stores.

Hachette Canada is a subsidiary of the giant Hachette publishing and distribution empire in France. Besides distributing in Canada, it owns a number of specialty stores, like Maison de la Presse Internationale, UCS, Maison de la Presse, Relais Presse, Place Piccadilly, Petit Calumet, Xpresse, Mag Monde and Gentillesse.

Over the last year or so, Sun Media – through its subsidiary **Messageries Dynamiques** – has managed to lure a number of magazines away from Hachette and is now their exclusive distributor. In March, Hachette let it be known that these magazines are no longer welcome in its stores.

"Hachette's behaviour amounts to reprisal measures that have no other purpose than to force publishers doing business with Messageries Dynamiques to cease and renew their commercial ties with Hachette," Sun Media argues.

'FUNDAMENTAL FREEDOMS'

Antoine Tremblay, legal adviser to Sun Media, said Hachette continues to sell other products from Messageries Dynamiques, like the Journal de Montréal, Clin d'Oeil and Chez-Soi, which are all published in Quebec. It's refusing only the publications imported from France.

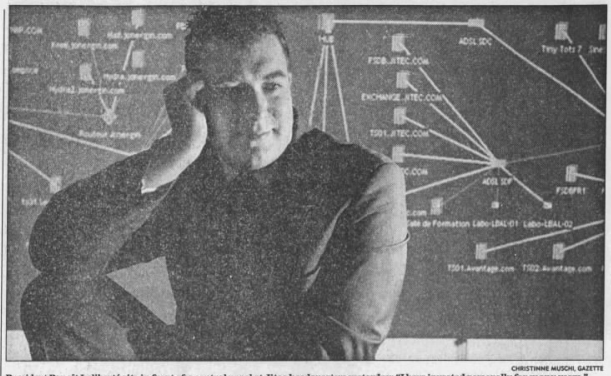
Sun Media argues that the refusal is prejudicing its company and its French-speaking customers and violating "fundamental freedoms, such as freedom of speech and the public's right to information."

In its request for an injunction, Sun Media points out that the magazines are the type that would be sold in specialty stores, not the magazine racks at Provigo or a dépanneur. Some of the titles involved are Cuisine Internationale, L'Officiel de la Couture, Optimum, Nature en France, Cyclo Passion, Spectacle du Monde, Moto 1 and Maison et Cuisine.

Sun Media said it sold about 20 per cent of its specialized products in Hachette's stores.

Hachette did not return *The Gazette*'s call yesterday.

Tremblay said both parties will return to court on Dec. 4 to set a trial date. He could not predict how long it would take to resolve the issue. "If we're lucky, it will be before summer."



CHRISTINNE MUSCHI, GAZETTE

President Benoit Laliberté sits in front of a control panel at Jitec headquarters yesterday: "I have invested personally for many years."

'Total nonsense, unfounded': Black

JITEC

Continued from Page G1

A short sale occurs when an investor borrows shares and then sells them on the market in the hope of buying them back, or covering the position, at a lower price.

According to the latest short-interest report, there were just 617,000 Jitec shares sold short as of Sept. 30 on a public float of 18 million shares. But Laliberté said he believes 600,000 more have been shorted since then.

In an interview, Black rejected all of Laliberté's allegations. "It's total nonsense and unfounded," said Black, a high-profile businessman, copper trader, art collector and philanthropist.

He said he sold short 25,000 shares of Jitec on Sept. 25 at $9.16 and then covered the position the next day by purchasing 25,000 shares at $8.90. That was the first and last short sale on Jitec he was involved in, he said.

Black most recently made the news by winning a "substantial amount of money" as part of a $512-million (U.S.) settlement of a lawsuit against venerable auction houses **Sotheby's Holdings Inc.** and **Christie's International PLC**.

The suit was over collusion to fix commissions on sales of art and other collectibles in the 1990s.

Black said he was introduced to Laliberté last month by a broker. He said he was considering buying Jitec stock and recommending it to other investors he knows.

He said he spent quite a bit of time with Laliberté over a few days checking out the company. But he backed away from an investment because "I wasn't satisfied with what I saw."

One of the issues that Black said made him uncomfortable was Jitec's press releases announcing deals.

One of those releases on Aug. 8 announced an agreement with **Canada Payphone Corp.** of Burnaby, B.C.

The Jitec release said 45,000 terminals will be deployed in major hotels in "a $105-million transaction over a two-year period."

But Canada Payphone, in a release the following day, said the deal "anticipates a market of up to 45,000 systems over two years with a value of $105 million."

In an interview last week, Laliberté said Canada Payphone had made "a big mistake" in the wording of its release. He insisted the agreement "represents a firm take for 45,000 terminals and this is giving us $106 million of revenue including the installation (over two years)."

Canada Payphone CEO Bruce Clark said the wording of his company's press release was carefully reviewed before it was made public and reflects how the company wanted to describe the deal. He said he's not satisfied the Jitec release was clear and discussed with Laliberté this week the possibility of issuing a clarification. He described the agreement as a letter of intent and said he doesn't like the practice of announcing such deals until they are formal contracts. Lawyers for Jitec and Canada Payphone are currently working on drafting the formal contract.

But Clark also praised Jitec's technology and said the firm's press release is in line with the way other manufacturers announce similar agreements with his company.

He said Canada Payphone has made "a volume commitment" to Jitec that the company had carefully studied and is confident of achieving.

"In every single one of our purchase deals with a manufacturer ... we pick a number, we sign a contract on that number and we work toward that number," he said. "Most of them we exceed. Some we don't. Most we do."

Jitec's other major announcement was a Sept. 18 release, describing a $40-million deal to sell four of its business computing centres to an American telecommunications consortium.

It said the identity of the consortium could not be revealed for 60 days because of a confidentiality agreement.

Aside from these and other business activities, this week's insider-trading report shows that Laliberté has been very active in buying and selling company stock since the firm went public.

Laliberté explained that he purchased stock as an investment and made the sales to individuals in private transactions. "At below $10, Jitec was a really good deal," he said. "I have invested personally for many years."

In interviews with *The Gazette* last week, he said he hadn't sold any Jitec shares.

Yesterday, he said he had meant that he hadn't sold any of his original block of 39 million shares. The stock he sold was from purchases he's made since the company began public trading.

Warning to potential E-Commerce tenants: check deal

JAN RAVENSBERGEN
The Gazette

It's buyer beware on hidden charges for businesses eyeing a taxpayer-subsidized move into the downtown E-Commerce Place, a leading commercial real-estate analyst has warned.

Louis Burgos delivered the advice following complaints of severe sticker shock from two early tenants in the similarly subsidized Cité du Multimédia in Old Montreal.

The bottom line is to "have all your costs ... locked down in writing" before jumping at the lucrative tax credits offered by Quebec and signing a lease at E-Commerce Place, said Burgos, a senior vice-president at **Royal LePage Commercial Inc.**

At least two of 15 software and multimedia companies that have moved into Cité du Multimédia made serious errors by not tying down all their costs in writing, Burgos said – and both are now paying the price.

IPCS Inc. was charged $112,349.14 in finishing costs – for drywalling, painting and plumbing work – for 2,500 square feet of office space, which amounts to $44.90 per square foot. The original estimate for the work was $30,000.

Ektalis Inc. was billed $121,613 for finishing work on 3,000 square feet, or $40.54 a square foot.

However, Burgos insisted the two cases are exceptions, saying Royal LePage has moved other firms into more than 100,000 square feet at Cité du Multimédia without similar problems.

Bernard Landry, the finance minister behind the two projects, also gave the complaints short shrift, saying entrepreneurs should read the leases carefully before signing.

Landry said the 2-year-old multimedia project will reach its target of maintaining or creating 10,000 jobs about four years ahead of schedule, soaking up about $360 million of tax credits.

In May, encouraged by the numbers, Landry announced a much bigger undertaking using the same taxpayer-subsidy approach. This time, he committed $1.5 billion of tax credits over a decade with the goal of attracting 20,000 E-commerce jobs to a rundown area of downtown.

E-Commerce Place would ultimately offer 3 million square feet of office space in the block bounded by René Lévesque Blvd., St. Antoine, Mountain and Lucien L'Allier Sts.

CGI Group Inc., an arm of **BCE Inc.**, quickly signed up for at least $300 million of the tax credits.

Microsoft Corp., **EDS** and **Dell Computer** have been touted as prospective tenants, but only CGI and a small contingent from Nasdaq Canada have been confirmed to date.

Burgos suggested that announcements about new tenants can be expected over the next several months.

Despite the lucrative subsidy structure, E-Commerce Place can be a tough sell for some companies, said Alfredo Gomez, a real-estate broker with **Devencore Inc.**

Tenants of the complex must commit themselves to leases of at least $40 a square foot when all the elements are factored in, he said.

Space remains available at the nearby IBM Marathon tower, Gomez noted, at $35 a square foot, while the subsidized Cité du Multimédia is in the $25 range.

Want access to your money PLUS great returns?

1 800 463-5229
For the Québec City region, call 521-8226.

PLACEMENTS QUÉBEC SAVINGS FLEXI-PLUS

Placements Québec Flexi-Plus Savings offers you the best of both worlds to manage your savings efficiently. You have **access to your funds any time, plus**, you enjoy an **attractive interest rate**, that varies with the market and **rises** with the amount accumulated. Your invested capital is also guaranteed without limit by the Québec government. For a well-informed answer, contact one of our investment officers, Monday through Friday, from 8 a.m. to 8 p.m.

Québec Placements Québec

Placements Québec. The answer to all your investment needs.

Copyright © 2026 Newspapers.com. All Rights Reserved.